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SUBJECT: IRAQ UNEMPLOYMENT ESTIMATED AT 15.5 PERCENT

[1](#)1. (SBU) Internal figures from the Central Office for Statistics and Information Technology (COSIT) estimate that Iraq's unemployment rate is currently at 15.5 percent. COSIT's last published estimate showed a 12 percent rate for the final quarter of 2008. In addition to the overall rate, a GOI official told us on September 3 that COSIT estimates that youth (ages 18-25) unemployment rate is 25 percent and the underemployment rate is 28 percent.

[1](#)2. (SBU) The rise in unemployment from 12 to 15.5 percent since last year can be attributed to five separate trends. First, Iraq's economic growth has slowed due to the global economic crisis. (The Economist Intelligence Unit's estimate for GDP growth for 2008 was 7.8 percent, while its forecast for 2009 is only 5.8 percent, which would be a 25 percent drop.) Second, the economy is not growing fast enough to create enough new jobs for the 240,000 young people entering the workforce every year. Third, the drawdown of U.S. troops has led to direct and indirect employment losses through base closures and cutbacks in U.S. assistance to Iraq. Fourth, some 121,820 refugees and internally displaced persons have returned to their habitual residence in Iraq since the beginning of 2009 and many of those are now looking for work. Some of the returnees were highly educated economic migrants who were laid off in the Gulf states during this recession. Finally, several GOI Ministries have drastically limited hiring because of this year's tight budget. The GOI is Iraq's largest employer in that it employs 23.4 percent of household heads across the country, according to the 2007 Iraq Household Socio-Economic Survey.

[1](#)3. (SBU) COSIT had planned to do an extensive economic survey in conjunction with the nationwide census originally set for October 2009 (Note: International press reported on August 16 that Iraq's census had been postponed indefinitely. End Note.) With the census postponed, COSIT has dropped its plans to conduct a formal unemployment survey this year. We will continue to encourage COSIT to conduct formal labor force surveys and publish the results.

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